



Leo Flores
Webb County Auditor
1110 Washington, Suite 201
Laredo, Texas 78040

Telephone (956) 523-4016
Fax No. (956) 523-5001

REQUEST FOR PROPOSAL

INDEPENDENT AUDIT SERVICES

PROPOSAL NUMBER: P-2006-16

PROPOSAL MUST BE RECEIVED NO LATER THAN 2:00 PM ON JULY 6, 2006

PROPOSAL WILL BE PUBLICLY ACKNOWLEDGED ON JULY 6, 2006

PROPOSAL SUBMISSION

DEADLINE: Proposals must be received at the Webb County Clerk's Office no later than **2:00 PM on Tuesday, July 6, 2006**. Proposals will be publicly acknowledged at 2:15 PM or shortly thereafter in the Webb County Clerk's Office.

METHODS: Sealed Proposals may be hand-delivered or mailed to the Webb County Clerks Office located at the Webb County Justice Center, 1110 Victoria Street, Suite 201, Laredo, Texas 78040.

PROPOSAL REQUIREMENTS

SUBMITTAL: One original Proposal and eight copies must be submitted. The Proposal consists of the COMPLETED AND SIGNED Proposal Form and other required documentation.

SEALED: All Proposals must be delivered in a sealed envelope with the Proposal name and number clearly marked on the outside. If an overnight delivery service is used, the Proposal name and number must be clearly marked on the outside of the delivery service envelope.

REFERENCES: Webb County requires proposer to supply with this Proposal, a list of at least three (3) references where like services have been supplied by their firm. Include name of firm, address, telephone number and name of representative.

LEGIBILITY: Proposals must be legible and of a quality that can be reproduced.

FORMS: All Proposals must be submitted on the forms provided in this Proposal document. Changes to Proposal forms made by proposers may disqualify the Proposal. Proposals cannot be altered or amended after submission deadline.

LATE PROPOSAL: Proposals received after submission deadline will not be opened and will be considered void and unacceptable. Webb County is not responsible for lateness of mail, courier service, etc.

RESPONSIBILITY: A proposer must affirmatively demonstrate proposer's responsibility. A proposer must meet the following requirements:

- a) have adequate financial resources, or the ability to obtain such resources as required;
- b) be able to comply with the required or proposed delivery schedule;
- c) have a satisfactory record of performance;
- d) be otherwise qualified and eligible to receive an award.

Webb County may request representation and other information sufficient to determine proposer's ability to meet the minimum standards listed above.

AWARD

THIRTY DAYS: Awards should be made approximately thirty (30) days after the Proposal opening date. Results may be obtained by contacting County Purchasing Agent Eloy Ramirez, Jr. at the County Administration Building, Suite 101, 1110 Washington Street, Laredo, Texas 78040.

REJECTION OR ACCEPTANCE: No more than one Proposal will be awarded for any item, single department or area. Proposals may be rejected for some items, departments or areas, even though awards are made for others. The convenience of having a single source for similar items will be taken into consideration together with price in determining the lowest and best Proposal.

It is understood that the Commissioners Court of Webb County, Texas, reserves the right to accept or reject any or all Proposals for any or all materials or services covered in this Proposal request, and to waive informalities or defects in the Proposal or to accept such Proposal it shall deem to be in the best interest of Webb County.

CONTRACT: This Proposal, when properly accepted by Webb County, shall constitute a contract equally binding between the successful proposer and Webb County.

The successful proposer may be required to sign an additional agreement containing terms necessary to ensure compliance with the proposal.

CONTRACT ADMINISTRATION: Under this contract, Rafael Pérez, Chief Deputy Auditor, Webb County Auditor's Office, shall be the contract administrator with designated responsibility to ensure compliance with contract requirements, such as but not limited to, acceptance, inspection and delivery. The contract administrator will serve as liaison between Webb County Commissioner's Court and the successful proposer.

CONTRACT PERIOD(S): The Initial Contract Period is Date of Award through September 30, 2008. Possible extension includes:

October 1, 2007 through September 30, 2009
October 1, 2008 through September 30, 2010

BID CONTACTS

PURCHASING CONTACT:

Eloy Ramirez, Jr., Purchasing Agent
County Administration Building
1110 Washington, Suite 101
Laredo, TX 78040
(956) 523-4124
eloyramirez@webbcountytexas.gov

TECHNICAL CONTACT:

Leo Flores, County Auditor
County Administration Building
1110 Washington, Suite 201
Laredo, TX 78040
(956) 523-4016
lflores@webbcountytexas.gov

Rafael Pérez, Chief Deputy Auditor
County Administration Building
1110 Washington, Suite 201
Laredo, TX 78040
(956) 523-4016
rafaelperez@webbcountytexas.gov

MISCELLANEOUS

FOB DESTINATION: All of the items listed are to be Free On Board to final destination (FOB Destination) with all transportation charges if applicable to be included in the price, unless otherwise specified in the Request for Proposal. The title and risk of loss of the goods shall not pass to the County until receipt and acceptance takes place at the FOB point.

FIRM PRICING: All of the items listed are to be on a "per unit" basis, stating a firm price per unit or unit quantity of each item. This price must be good from the date of Proposal opening for a fixed period of time. Unless the Proposal expressly states otherwise, this period shall be until the end of the current fiscal year on September 30, 2006. Proposals which do not state a fixed price, or which are subject to change without notice, may not be considered. The Court may award a contract for the period implied or expressly stated in the lowest and best proposal, but for no longer than the current fiscal year.

ESTIMATED QUANTITIES: The estimated quantity of each item listed in the notice is only an estimate -- the actual quantity to be purchased may be more or less. The County is not obligated to purchase any minimum amount, and the County may purchase any reasonable amount greater than the estimate for the same unit price. Any limit on quantities available must be stated expressly in the proposal.

FUNDING: Funds for payment have been provided through the Webb County budget approved by Commissioners Court for the October 1, 2005 through September 30, 2006 fiscal year.

SALES TAX: Webb County is by statute, exempt from the State Sales Tax and Federal Excise Tax.

STATEMENTS: No oral statement of any person shall modify or otherwise change, or affect the terms, conditions, plans and/or specifications stated in the various Proposal Packages and/or Proposal Instructions/Requirements.

DELIVERY: The delivery time and location for the commodity and/or service covered by this proposal shall be as stated in the various proposal packages.

PURCHASE ORDER: If required by the Webb County Purchasing Department a purchase order may be generated to the successful proposer for products and/or services. If a purchase order is issued, the purchase order number must appear on all itemized invoices and/or requests for payment.

PAYMENT: Payment shall be made by check from the County upon satisfactory completion and acceptance of items and submission of the Invoice to the ordering department for work specified by this Contract Document. All payments owed will be paid no later than thirty (30) days after the goods or services are received OR the date that the invoice is received by the Auditor's Office whichever is later. As a minimum, invoices shall include:

- (1) Name, address, and telephone number of vendor and similar information in the event the payment is to be made to a different address
- (2) County contract, Purchase Order, and/or delivery order number
- (3) Identification of items or service as outlined in the contract
- (4) Quantity or quantities, applicable unit prices, total prices, and total amount
- (5) Any additional payment information which may be called for by the contract

Payment inquiries should be directed to Joe Wirsching at the accounts payable department of the County Auditors office (956) 523-4016.

CONFLICT OF INTEREST: No public official shall have interest in a contract, in accordance with Vernon's Texas Codes Annotated, Local Government Code Title 5, Subtitle C, Chapter 171.

ETHICS: The proposer shall not accept or offer gifts or anything of value nor enter into any business arrangement with any employee, official or agent of Webb County.

DOCUMENTATION: Proposer shall provide with this proposal response, all documentation required by this proposal. Failure to provide this information may result in rejection of the proposal.

TERMINATION FOR DEFAULT: Webb County reserves the right to enforce the performance of this contract in any manner prescribed by law or deemed to be in the best interest of the County in the event of breach or default of this contract. Non-Performance of the proposer in terms of specifications shall be a basis for the termination of the contract by the County. The County shall not pay for commodities/services which are unsatisfactory. Vendors will be given a reasonable opportunity before termination to correct the deficiencies. This, however, shall in no way be construed as negating the basis for termination for non-performance.

SILENCE OF SPECIFICATIONS: The apparent silence of these specifications as to any detail or to the apparent omission from it of a detailed description concerning any point, shall be regarded as meaning that only the best practices are to prevail. All interpretations of these specifications shall be made on the basis of this statement.

COMPLIANCE WITH LAWS: The successful proposer shall comply with all applicable federal, state and local laws and regulations pertaining to the practice of the profession and the execution of duties under this proposal including the TEXAS HAZARD COMMUNICATION ACT.

PROPRIETARY INFORMATION: All material submitted to the County becomes public property and is subject to the Texas Open Records Act upon receipt. If a Proposer does not desire proprietary information in the proposal to be disclosed, each page must be identified and marked proprietary at time of submittal. The County will, to the extent allowed by law, endeavor to protect such information from disclosure. The final decision as to what information must be disclosed, however, lies with the Texas Attorney General. Failure to identify proprietary information will result in all unmarked sections being deemed non-proprietary and available upon public request.

WORKER'S COMPENSATION

This contract contemplates services that do not require worker's compensation insurance coverage. However, if it becomes necessary that the proposer provide services related to the project such as delivering equipment or materials, an amended contract will be executed which fully complies with the Texas Labor Code and the Texas Worker's Compensation Commission requirements.

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NOTE: 2005 Comprehensive Annual Financial Report Available at the County Website:

http://www.webbcountytexas.gov/County_Auditor/Financial_Reports/CAFR/cafr.html

OUTSIDE AUDIT SERVICES PROPOSAL

1.0 General Information

1.1 Purpose

Webb County seeks proposals in response to this Request for Proposal (RFP) from qualified and experienced public accounting firms (hereinafter referred to as “proposers” or “the proposer”) whose principal officers are independent certified public accountants. The objectives of this RFP are: (1) to obtain audit services for performance of Webb County’s annual financial audit in accordance with generally accepted auditing standards, and (2) to obtain other related services as stated herein.

1.2 Inquiries from Proposers

Technical questions related to this RFP can be made to:

Leo Flores, Webb County Auditor
1110 Washington, Suite 201
Laredo, Texas 78040
(956) 523-4016
lflores@webbcountytexas.gov

OR

Rafael Pérez, Chief Deputy Auditor
1110 Washington, Suite 201
Laredo, Texas 78040
(956) 523-4016
rafaelperez@webbcountytexas.gov

Sealed Proposals must be received in the office of the Webb County Clerk located at the County Justice Center, 1110 Victoria Street, Suite 201, Laredo, Texas 78040 **NO LATER THAN 2:00 P.M. ON THURSDAY, JULY 6, 2006.** The Proposals will be publicly acknowledged at 2:15 P.M. or shortly thereafter in the office of the Webb County Clerk. It is the proposer’s responsibility to ensure that they have received any and all addenda related to this Proposal. It shall be the sole responsibility of the proposer to ensure that their Proposal is received by Webb County within the time limit indicated. Late Proposals will not be opened or considered.

1.3 Cost Incurred in Responding

All costs directly or indirectly related to preparation of a response to this RFP, any oral presentations required to supplement or clarify a proposal, and/or reasonable demonstrations which may be, at its discretion, required by Webb County shall be the sole responsibility of and shall be borne completely by the proposer.

1.4 Response Instructions

One (1) original Proposal and eight (8) copies must be submitted. The Proposal consists of the completed and signed Proposal Form and any other required documentation.

All proposals must be returned in a sealed envelope with the Proposal name and number clearly marked on the outside. If an overnight delivery service is used, the Proposal name and number must be clearly marked on the outside of the delivery service envelope. Your Proposal may be mailed or hand delivered as follows:

Hon. Margie Ramirez Ibarra
Webb County Clerk
Webb County Justice Center
1110 Victoria Street - Suite 201
Laredo, Texas 78040

1.5 Proposal Acceptance Period

All Proposals must include a statement that they are valid for a minimum period of 90 days subsequent to the RFP closing date.

1.6 Evaluation Procedures

Proposals submitted will be reviewed by a scoring committee appointed by Commissioners’ Court. The scoring committee will meet and formulate their recommendation to Commissioners’ Court and the Court will select a firm at their earliest meeting possible.

Selection Criteria

Evaluation of the firm’s technical qualifications will be of primary importance. Award of a contract may be made without discussion with the proposer after Proposals are received. Proposals should therefore be submitted on the most favorable terms. Cost will be considered primarily to ensure that professional fees are consistent with and not higher than published, recommended practices and fees of the profession.

Proposal evaluation factors will include, but are not limited to, the following:

1. Demonstrated experience, qualifications, and professional activities of the audit team and the firm, including technical expertise of supervisory staff available to perform on-site work and resources readily available to the firm in key areas for Webb County. These key areas include specialization in local governments (especially counties) and the single audit act as it pertains to federal financial assistance. The county requires the firm to have experience with the Certificate of Achievement Program.
2. Responsiveness to the Proposal in clearly stating an understanding of the work to be performed; responsiveness to terms and conditions, including scheduling; completeness and thoroughness of the technical data and documentation.
3. Commitment to Governmental Accounting and Auditing --- Demonstration of the firm's commitment to governmental issues by knowledge of current issues and the firm's ability to communicate changes in regulations or the environment.
4. Total evaluated cost.
5. Firm's ability to provide accounting research and compliance services as requested.

During the evaluation process, Webb County reserves the right to request additional information or clarification from proposers, or to allow corrections of errors or omissions. At the discretion of the scoring committee or of Commissioners Court, firms submitting a Proposal may be requested to make oral presentations as part of the evaluation process.

1.7 Additional Information

Mejia & Company, L.L.P. has conducted this audit for the past three (3) years.

Webb County reserves the right to require additional technical and pricing information during the evaluation period. Each proposal must designate a person(s) who will be responsible for answering technical and contractual questions.

Webb County reserves the right to retain any Proposal and to use any ideas in a Proposal regardless of whether that Proposal is selected or not. Submission of a Proposal indicates acceptance by the firm of the conditions contained in this RFP, unless clearly and specifically noted in the Proposal submitted and confirmed in the contract between Webb County and the firm selected.

Webb County reserves the right to reject portions of the Proposal related to any services as covered in sections 4.7 and 4.8 and retain the portions related to audit services.

1.8 Negotiations

Webb County reserves the right to negotiate all elements of a Proposal to ensure that the best possible consideration be afforded to all concerned and reserves the right without prejudice to reject any and/or all proposals and to re-solicit for services.

1.9 Release of Information

Information submitted by the proposer shall not be released during the Proposal evaluation process or prior to contract award.

1.10 Contract Incorporation

Proposers should be aware that the contents of the successful Proposal will become a part of any subsequent contractual document that may arise from this RFP. Failure of a proposer to accept this obligation may result in the cancellation of any award.

1.11 Rights and Remedies

The rights and remedies of Webb County provided herein shall not be exclusive and are in addition to any other rights and remedies provided by law or under any subsequent contract.

1.12 Contract Payment/Compliance Statement

The contract shall be prepared under the direction of Webb County and shall incorporate all applicable provisions. Payment for audit services will be made based on an all-inclusive, not-to-exceed fee estimate, containing all direct and indirect costs including all out-of-pocket expenses, with progress payments as mutually determined to be appropriate. These payments shall be based upon completion of phases of work.

Payment for all services other than audit, specifically those described as “accounting research and compliance” and “special projects” will be made according to terms agreed upon prior to the inception of such services.

1.13 Progress Reports

The successful proposer shall submit progress reports to or hold periodic meetings with the County Auditor as agreed upon. The information provided in these reports shall be sufficiently detailed to provide assurance that the audit is on schedule.

1.14 Publicity

Any publicity, news releases, and/or advertising pertaining to this RFP and/or awarding of any contract relating to the RFP may not be made without prior written approval of Webb County.

2.0 Proposal Format

2.1 Required Sections

Proposals must be submitted containing the following sections in the order indicated:

- Cover letter
- Executive Summary
- Table of Contents
- Firm Background, Principal Officer's, and Prior Experience
- Specific Audit Approach
- Proposed Schedule
- Additional Data and Other Information
- Concluding Remarks
- Cost Proposal

2.2 Cover Letter

This section shall contain the completed Proposal Form. On a separate sheet list the contact persons authorized to answer technical, price, and/or contract questions together with their telephone number and mailing address. The Proposal Form must be signed by a party duly authorized to bind the company.

2.3 Executive Summary

Prefacing the Proposal, an executive summary shall be provided which gives in brief concise terms, a summation of your Proposal. Identify the points that make your firm uniquely qualified for this engagement. Include statements identifying the firm's understanding of the services to be performed.

2.4 Table of Contents

The Table of Contents shall include an index of the Proposal contents and attachments.

2.5 Firm Background, Principal Officers and Prior Experience

This section will state the firm's qualifications and experience:

1. the type of business entity,
2. the size of the firm,
3. the size of the firm's governmental audit staff,
4. the location of the office from which the work on the audit engagement is to be performed,
5. the number and nature of the professional staff to be employed in the audit engagement on a full-time basis, and
6. the number and nature of the staff to be so employed on a part-time basis.

Any planned or proposed use of subcontractors must be clearly documented in the Proposal. The proposer selected will be required to serve as the “primary” contractor and shall be completely responsible for all contract services performed and shall specifically assume liability for any and all such services provided by subcontractors. Each subcontractor may be required to submit information as required by proposers in this section (2.5).

The firm must submit a copy of their most recent external quality control review, with a statement whether that quality control review included a review of specific local government and single audit act engagements.

The firm shall provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years with state regulatory bodies or professional organizations.

Partner, Supervisory and Staff Qualifications and Experience - The firm must identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who will be assigned to the engagement and indicate whether each such person is licensed to practice as a Certified Public Accountant in Texas. The firm must provide information on the governmental auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The firm must provide as much information as possible regarding the number, qualifications, experience, and training (including relevant continuing professional education) of the staff to be assigned specifically to this engagement. The firm must indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons with the express written permission of Webb County. However, in either case, Webb County retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this RFP can only be changed with the express written permission of Webb County, which retains the right to approve or reject replacements.

The firm shall provide as much information as possible regarding the number, qualifications, experience, and training of the staff to be assigned to provide the services requested under sections 4.7 and 4.8 of the RFP.

Similar Engagements with Other Government Entities - For the firm's office that will be assigned responsibility for the audit, list the most significant audit engagements (maximum of 5) performed in the last three (3) years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of relativity to the current proposal. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

Independence - The proposing firm shall provide an affirmative statement that it is independent of Webb County as defined by generally accepted auditing standards.

Other - This section should include a discussion of your previous experience with the Certificate of Achievement Program of the GFOA. The proposed firm staff will be available to assist Webb County's staff with this Certificate Program.

2.6 Specific Audit Approach

The Proposal shall set forth a work plan, including an explanation of the audit methodology to be followed to perform the audit services required in this RFP. In developing the work plan, reference must be made to sources of information used to develop the work plan.

Proposers will be required to provide the following information on their audit approach:

1. Proposed segmentation of the engagement.
2. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
3. Sample sizes and the extent to which statistical sampling is to be used in the engagement.
4. Extent of use of Electronic Data Processing (EDP) software in the engagement.
5. Type and extent of analytical procedures to be used in the engagement.
6. Approach to be taken to gain and document an understanding of Webb County's internal control structure.
7. Approach to be taken in determining laws and regulations that will be subject to audit test work.
8. Approach to be taken in drawing audit samples for purposes of tests of compliance.

The Proposal shall identify in this section any anticipated audit problems, the firm's approach to resolving these problems, and any special assistance that will be requested from Webb County.

A separate statement of the firm's approach to and understanding of the provision of technical assistance and advice concerning accounting and auditing issues that may arise during the course of the audit must be included. In addition, a discussion of the firm's approach to the level and amount of the County Auditor's staff support necessary to complete the work as outlined in the proposal must be included.

2.7 Proposed Schedule

Comment on the firm's ability to meet the timelines indicated in the RFP and present a schedule of when information to be provided by Webb County must be available. The proposer shall provide any recommended changes to the schedule that might be required to enhance the timelines and quality of the engagement.

2.8 Additional Data and Other Information

Since data not specifically requested must not be included in the foregoing Proposal sections, give any additional information considered essential to the Proposal in this section. If there is no additional information to present, state "There is no additional information we wish to present."

2.9 Concluding Remarks

This section shall contain any final remarks or elaboration which the proposer believes is important for a clear understanding of the proposed services and/or the proposer's capabilities.

2.10 Cost Proposal

Payment for audit services will be made based on an all-inclusive, not-to-exceed fee estimate, containing all direct and indirect costs including all out-of-pocket expenses, with progress payments as mutually determined to be appropriate. The contract will be a three (3) year contract with the option to renew the fourth (4th), and fifth (5th) year.

Payment for all services other than audit, specifically those described as "accounting research and compliance" and "special projects" will be made according to terms agreed upon prior to the inception of such services.

The Cost Proposal shall include for each of the three (3) years and the possible fourth and fifth year the following information:

1. Total estimated hours and an all-inclusive, not-to-exceed fee estimate, containing all direct and indirect costs including all out-of-pocket expenses, for the audit of the financial statements; break down the total estimated hours by staff level (e.g. partner, manager, senior, etc.) and show billing rates for each level;
2. A not-to-exceed fee estimate, containing all direct and indirect costs including all out-of-pocket expenses, for "accounting research and compliance" services (sections 4.7) that are of an ongoing nature; and a schedule of billing rates by staff level for any "requested" services (sections 4.7) not of an ongoing nature and;
3. A schedule of billing rates by staff level for any "special projects" (section 4.8) that may be requested.

3.0 Overview of Webb County

3.1 General

Webb County is a political subdivision of the State of Texas. It has no legislative powers, and very restrictive judicial and administrative powers. The governing body of the County is its Commissioners' Court made up of the County Judge and four Commissioners. Webb County provides many varied services for the public it serves. Among these services are judicial system; public safety; correction and rehabilitation; infrastructure and environmental services; health and human services; community and economic development; public improvements, and general government

The successful firm's (hereinafter referred to as auditor or auditor's) principal contact with Webb County will be County Auditor Leo Flores or his designated representative who will coordinate the assistance to be provided by Webb County.

Webb County's budget is required by state law to be adopted before the tax rate is adopted.

The majority of county offices and records are located in Laredo, Texas. There are also offices located in outlying areas in the county.

3.2 Audit Assistance

The County will prepare the draft and final camera-ready copy of the financial statements, notes to the financial statements, all required supplementary schedules, and statistical data. The preparation of confirmations will also be the responsibility of the County. The County staff will be available to provide reasonable documentation and assistance with such other records that the auditor may need.

3.3 Data Processing Environment

The general accounting ledgers are maintained on an IBM AS/400 utilizing software provided by New World Systems.

4.0 Nature of Services Required

4.1 General

1. Webb County is requesting proposals from qualified public accounting firms to audit its financial statements for the fiscal years ending September 30, 2006, 2007, and 2008 with Webb County having the option to extend the engagement to audit Webb County financial statements for each of the two (2) subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposal.
2. Webb County also requests proposals for accounting services other than audit as detailed in section 4.7.

4.2 Scope of Work to Be Performed

Webb County desires the auditor to express an opinion on the fair presentation of its governmental activities, the business-type activities, each major fund as determined by the General Accepted Auditing Standards, and the aggregate remaining fund information in conformity with generally accepted accounting principles.

The "Required Supplementary Information" and "Supplemental Schedules" in the financial section of the comprehensive annual financial report must be subjected to the auditing procedures applied to the basic financial statements to enable the auditor to issue and "in-relation-to" opinion as part of the auditor's opinion letter.

The auditor's examination and related opinion letter must fulfill the minimum standard requirements to comply with the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting program.

The auditor is not required to audit either the actuarial or statistical section of the report.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board (GASB) as mandated by generally accepted auditing standards.

4.3 Auditing Standards to Be Followed

To meet the requirements of this RFP, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants.

4.4 Reports to Be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
3. A report on compliance with applicable laws and regulations.
4. Preparation of the Data Collection Forms for the Single Audit Clearinghouse should be performed for the fiscal year ending September 30th.

The auditor shall communicate in a letter to management any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The auditor shall be required to make an immediate, written report of all irregularities and illegal acts of which the auditor becomes aware to the Webb County Commissioner's Court. The auditor shall provide an original of the Report of Independent Auditors (Auditor's Opinion Letter) to the County Auditor no later than February 15 of each year.

4.5 Special Considerations

Webb County will submit its Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting Program. It is anticipated that the auditor will be required to provide assistance to Webb County to continue to meet the requirements of the program. The proposing firm should take into consideration the probability of providing this assistance in the firm's all-inclusive, not-to-exceed fee estimate. The fiscal year ending September 30, 2006 will be the sixteenth year Webb County has participated in the awards program.

4.6 Preparation of the CAFR

The County prepares all information included in the Comprehensive Annual Financial Report (CAFR). Because the CAFR must be released within six months after the fiscal year end (September 30) to be eligible for the GFOA Certificate of Achievement, coordination of schedules will be required between the auditor and the County Auditor. A listing of activities and critical dates is provided in section 6.0.

4.7 Accounting Research and Compliance Services

Webb County requests the firm to provide accounting research and compliance services. The services will include:

1. Ongoing: Timely notification of changes proposed or initiated by GASB, Financial Accounting Standards Board (FASB), etc. that may affect Webb County;
2. Written responses to specific Webb County questions relating to accounting or reporting issues affecting Webb County;
3. Upon request, provide guidance and opinions on interpretation and implementation of GASB statements and other accounting rules or pronouncements affecting Webb County and;
4. Upon request, provide opinions on and response to exposure drafts of proposed GASB statements that may affect Webb County.

Webb County will make all requests for services under sections 4.7.2, 4.7.3, and 4.7.4 above in writing.

4.8 Special Projects

Proposers will be requested under separate engagement to perform an audit of the Juvenile Services Grants and the Community Corrections Department. Webb County desires the auditor to express an opinion of the fair presentation of these financial statements. Please include your fee for the above services.

Proposers may be requested to provide the other types of services, collectively referred to as “special projects”. Examples of such services include additional audits or reviews, cost studies, and consulting services.

5.0 Other Information and Requirements

5.1 Work Area

A workspace in close proximity to the accounting records will be provided. A copier, phone, and fax machine will be available.

5.2 Audit Work Timing

Completion of fieldwork should be accomplished no later than December 31. Fieldwork will be considered complete when all adjustments have been made by the auditor and trial balances are returned to the County Auditor.

Date for release of the report for printing shall be no later than February 15 of the respective year after the end of fieldwork. At that same time a draft management letter should be delivered.

5.3 Contractual Agreements

The contract to be awarded shall be for the provisions of audit and other services as requested herein at the estimated fees submitted in the proposal for the first three (3) and, if extended, the fourth (4th), and fifth (5th) years of the contract. This is considered an all-inclusive, not-to-exceed fee estimate containing all direct and indirect costs including all out-of-pocket expenses. Webb County shall agree to make interim payments of the annual audit fee based on percentage of work performed, or an agreed upon schedule.

The contract will contain a provision that Webb County may terminate the contract at any time it deems the services provided are substandard.

Written cost estimates, when deemed appropriate by Webb County, shall be provided by the firm for “requested” services to be rendered under Section 4.7.

5.4 Working Papers

All working papers and reports for each audit performed must be retained, at the auditor's expense, for a minimum of seven (7) years unless the firm is notified in writing by Webb County of the need to extend the retention period. The auditor will be required to make working papers available, upon written request by Webb County, to any parties or their designees. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

6.0 Listing of Timelines and Critical Dates

<u>Activity</u>	<u>Date or Timeframe</u>
A. Proposals and Notification Calendar	
Request for proposal approved	May 22, 2006
Due date for receipt of proposals	July 6, 2006
Scoring Committee meeting	July 7-21, 2006
Selection of audit firm by Commissioners Court	July 24, 2006
B. Audit Dates (approximate dates provided for planning purposes only)	
Detail audit plan	October 31, 2006
List of Prepared By Client (PBC) schedules to County	November 1, 2006
Fieldwork may begin	December 1, 2006
Field work to be completed	December 31, 2006
Final opinion letter to County Auditor	February 15, 2007
Final report for printing to County Auditor	February 15, 2007
C. Conferences	
Entrance conference with County Auditor no later than	September 22, 2006
Exit conference to discuss results of fieldwork	Upon completion of field work

WEBB COUNTY PROPOSAL FORM
OUTSIDE AUDIT SERVICES
PROPOSAL NUMBER:

NAME OF PROPOSER: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Location address (if different from mailing): _____

City: _____ State: _____ Zip: _____

Email Address: _____

Telephone: (_____) _____ Fax: (_____) _____

The undersigned, by his/her signature, represents that he/she is authorized to bind the proposer to fully comply with the terms and conditions of the attached Request for Proposal, Specifications, and Special Provisions for the amount(s) shown on the accompanying proposal sheet(s). By signing below, you have read the entire document and agreed to the terms therein.

_____ Date of PROPOSAL:

Signature of Person Authorized to Sign Proposal

Printed Name and Title of
Signer:_____

DO NOT SIGN OR SUBMIT WITHOUT READING ENTIRE DOCUMENT